

June 12, 2000

Via Federal Express
Tracking No. 810543497091

Jeff S. Jordan, Esq.
Supervisory Attorney
Central Enforcement Docket
Federal Election Commission
999 E Street, NW
Washington, DC 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JUN 13 10 28 AM '00

Re: MUR 5016

Dear Mr. Jordan:

This letter is being sent in response to your letter dated May 24, 2000 addressed to Lawrence O. Graham, Esquire at Progressive Management Associates, Inc., 2 Old Farm Circle, White Plains, NY 10605 which was postmarked June 9, 2000 and received on June 12, 2000. (A copy of said letter is annexed hereto for your reference, together with a copy of the envelope).

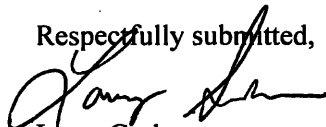
Please note that you had already sent this letter to me with the same reference number of MUR 5016 listing me, "Larry Graham" as the respondent. Now, your recent letter lists "Progressive Management Associates, Inc." as the respondent. First, let me say that I had already answered your letter last week by letter dated June 7, 2000, a copy of which I have attached hereto.

Further note that Progressive Management Associates, Inc. is no longer an active company and has not been active since June 1999. Also note that there is no White Plains address.

This office contacted Alva E. Smith of your offices on June 12, 2000 with regard to the above, at which time she confirmed receipt of the previously submitted response to the Complaint. Due to the fact that the Complaint referred to herein is the exact same as the Complaint previously responded to on June 7th, Ms. Smith advised that it was acceptable to submit a copy of the response letter dated June 7th as and for our response hereto. We have, therefore, enclosed a copy of the response letter dated June 7, 2000 and hereby request that you refer to the original letter for purposes of the exhibits referenced therein, as well as the signed Statement of Designation of Counsel in connection herewith.

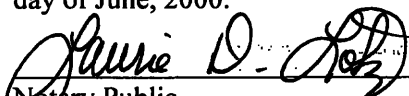
Thank you for your kindness and courtesies. If you have any questions or require any further information, please do not hesitate to contact me or my attorney at (914) 238-0005.

Respectfully submitted,


Larry Graham
Encs.

State of New York)
County of Westchester)

Sworn to before me this 12th
day of June, 2000.


Notary Public

LAURIE D. LOTZ
Notary Public, State of New York
No. 4700656
Qualified in Westchester County
Commission Expires April 30, 2001



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 24, 2000

Lawrence O. Graham, Esquire
Progressive Management Associates, Inc.
2 Old Farm Circle
White Plains, NY 10605

RE: MUR 5016

Dear Mr. Graham:

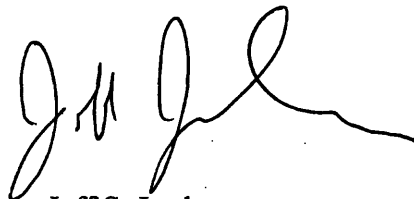
The Federal Election Commission received a complaint which indicates that Progressive Management Associates, Inc., may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 5016. Please refer to this number in all future correspondence.

Under the Act you have the opportunity to demonstrate in writing that no action should be taken against Progressive Management Associates, Inc., in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 694-1650. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff S. Jordan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jeff S. Jordan
Supervisory Attorney
Central Enforcement Docket

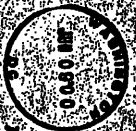
Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

21.04.405.0107

Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463
Official Business

FIRST CLASS



FIRST CLASS MAIL

Lawrence C. Gussman, Esq.
Progressive Management Assoc.
833 S. Guelley Ave.
Chappaqua, NY 10514-3336

8010-504-40-12

COPY

June 7, 2000

Via Federal Express
Tracking No. 801060024674

Jeff S. Jordan, Esq.
Supervisory Attorney
Central Enforcement Docket
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 5016

Dear Mr. Jordan:

Thank you for the opportunity to respond to your letter dated May 24, 2000 in connection with the attached complaint from John S. Hicks.

The complaint is without basis in law and fact and should be dismissed in its entirety.

Below, I have responded to each section of the complaint.

1. **FACTUAL BACKGROUND**

- Contrary to the allegation in the complaint, the complaint's own Attachment A does not state that Larry Graham is a candidate for Congress. It is merely stationery used for my Exploratory Committee. I was not a declared candidate on the date noted of February 10, 2000. I did not declare my candidacy until May 2000.
- Contrary to the second paragraph under "Factual Background", Progressive Management Associates, Inc. ceased doing business in June 1999 and has not been active since that time, so therefore I am not the Chief Executive Officer for Progressive Management Associates, Inc. as of the date in question.
- Progressive Management Associates, Inc. (hereinafter referred to as the "Corporation") was incorporated on April 2, 1993, but ceased doing business in June 1999.
- On June 9, 1999, Progressive Management Associates, Inc. sent a letter to the New York State Department of Taxation and Finance requesting Consent for Dissolution of the "Corporation" because it became inactive at that time. A copy of that letter is annexed hereto and made a part hereof as *Exhibit "A"*.
- The New York State Department of Taxation and Finance responded by Notice dated 9/20/99 withholding its consent of our intended dissolution until it received a customary end-of-the-year tax return. Their response was based on the fact that a corporation cannot be formally dissolved until consent is obtained from New York State, which consent cannot be granted until the corporate tax return for the year of dissolution has been filed. This is a customary response to anyone who asks to dissolve a corporation in the middle of a tax year. Attached hereto and made a part hereof as *Exhibit "B"* is a copy of the Response to Request for Consent to Dissolution of a Corporation.

- 21-04-405 01-13
- The corporate tax return for the Corporation was filed on or about April 15, 2000 by my accountant. Pursuant to telephone conversation with the Tax Commissioner's Office on May 30 2000, everything has been cleared with New York State. We are presently awaiting receipt of the New York State Tax Consent. Upon receipt, the Consent will then be attached to the Certificate of Dissolution of Progressive Management Associates, Inc. for immediate filing with the New York State Department of State. At which point we will then receive an Official Filing Receipt as proof of Progressive Management Associates, Inc.'s **dissolution as of July 31, 1999**. (Attached hereto and made a part hereof as *Exhibit "C"* is a copy of the pending Certificate of Dissolution document).
 - On July 16, 1999, I filed the appropriate papers required to form a Limited Liability Company known as Progressive Management Associates, LLC (hereinafter referred to as the "Company"), which is a sole proprietorship. It is not a corporation and is not governed by corporation laws. Attached hereto and made a part hereof as *Exhibit "D"*, collectively, are copies of the Filing Receipt filed on July 16, 1999, Affidavit of Publication from The Journal News, and Notice of Compliance of Workers' Compensation Law, effective from November 24, 1999 under Policy No. W 1265 006-5. These documents further establish the existence of the Company.
 - Attached hereto and made a part hereof, collectively, as *Exhibit "E"* are copies of Citibank Statements for the account known as Progressive Management Associates, Inc. (Account No. 47565754) as follows: Statement dated September 23, 1999 showing a balance in the sum of \$501.67 and Statement dated October 25, 1999 reflecting the ending balance as of October 25, 1999 in the sum of \$.00. That account has been out of use since that time. This serves as further evidence that Progressive Management Associates, Inc. has been inactive since July 1999 (The bank account remained open until that date so that previously written checks would clear). In fact, please note that Progressive Management Associates, Inc.'s bank account has been closed since 1999.
 - Mr. Hicks' complaint seems to derive from the fact that a phone number which he presumed was owned by a corporation—but which is not-- was listed on a piece of campaign correspondence. Through no fault of our own, the phone company failed to eliminate "Inc." from their records when the entity ceased activity in June 1999. We have again asked the phone company to remove Inc. from records and replace it with "LLC". Not only had they been given adequate notice to make this correction in July 1999, but all checks paid to the phone company for (914) 238-4000 since that time have been on behalf of, and from the bank account of, Progressive Management Associates LLC. For a very short time, and completely by accident, this non-corporate phone number appeared on a few pieces of correspondence material, but that had been corrected many months ago.
 - Contrary to the third paragraph under "Factual Background" of the complaint, both the Exploratory Committee and the Candidate Committee have filed all of the required filing disclosures. Campaign disclosures were filed by the Exploratory Committee on January 31, 2000 (Year End Report), on April 15, 2000 (Quarterly Report). Copies of these documents are attached hereto and made a part hereof as *Exhibit "F"*.
 - By letter dated April 11, 2000 from Michael H. Young of the Federal Election Commission clarification was requested with regard to our Year End Report. He wanted us to confirm that

the loans I had made to my campaign had come from my own personal funds. We confirmed this and responded thereto by letter dated April 25, 2000 enclosing a copy of the Schedule C, and further responded by fax transmittal dated April 26th and subsequent letter dated May 9, 2000. Copies of these documents are annexed hereto collectively as *Exhibit "G"*.

- Due to the fact that I did not become an announced candidate until May 15, 2000 and my primary election is scheduled for September 12, 2000, I was not required to file any other documents with the Federal Election Commission as of the date of this Complaint. Attached hereto and made a part hereof as *Exhibit "H"* are copies of the FEC Form 1 – Statement of Organization dated May 5, 2000 and FEC Form 2 – Statement of Candidacy dated May 4, 2000.
- On May 25, 2000 I filed my Financial Disclosure Net Worth Statement with the Clerk of the House of Representatives, a copy of which is annexed hereto and made a part hereof as *Exhibit "I"*. Based upon a conversation with Susan Pohl of the House Committee on Standards of Official Conduct, our Disclosure Statement was received in their office on May 29, 2000.
- All required and requested FEC filings have been filed as of the date of this Complaint.

2. VIOLATIONS

- With respect to the allegation of "Illegal Corporate Contributions", no such corporate contributions were received.
- The "Company" which has been doing business since July 1999 (as stated above, the "Company" is Progressive Management Associates, LLC) is not incorporated and is the same as a Sole Proprietorship of which I am the sole owner. Therefore, no corporate contributions were made to the Exploratory Committee in February 2000, or at any other time.
- With respect to the allegations that Graham's Violations are Knowing and Willful, there is no proof to support such allegations. There is no willfulness or intent to mask the source of those supporting my campaign. Any contributions or loans that I have made to my campaign have been from my own personal funds and have been disclosed as such. I have filed all contribution disclosure reports with the FEC in a timely manner.
- I have filed my Financial Disclosure Net Worth Statement with the Clerk of the House of Representatives (see *Exhibit "I"* above).

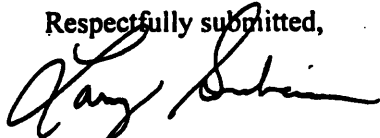
CONCLUSION

The complaint filed by Mr. Hicks is completely without merit. Much of his complaint derives from the fact that a phone number which he believed was owned and paid for by a corporate entity—but which, in fact, is not a corporation—appeared on a few pieces of campaign correspondence. As indicated above, all funds contributed to the Campaign have been contributed by other individuals or by my own personal funds. Any loans made to the Campaign have been loaned from my own personal funds. The

complaint is incorrect in stating that I might be funneling money from my corporation into my campaign since my solely owned firm, Progressive Management Associates, LLC is not a corporation and is not governed by corporate laws. Furthermore, as pointed out above, the phone number that Mr. Hicks relies on in his complaint, is actually not owned by or paid for by a corporation. In addition, bank statements, financial disclosure documentation, filings for dissolution and other attached documentation demonstrate that no laws have been violated and no funds originated from prohibited sources.

Thank you again, for allowing me the opportunity to respond to the complaint. If you have any questions or require any further information, please do not hesitate to contact my attorney or me.

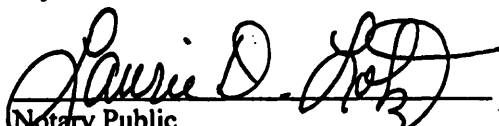
Respectfully submitted,



Larry Graham
Encs.

State of New York)
County of Westchester)

Sworn to before me this 7th
day of June, 2000.



Notary Public

LAURIE D. LOTZ
Notary Public, State of New York
No. 4700556
Qualified in Westchester County
Commission Expires April 30, 2001

STATEMENT OF DESIGNATION OF COUNSEL

MUR 5016

NAME OF COUNSEL: JONATHAN G. JACOBSON, ESQ.

FIRM: _____

ADDRESS: 873 Union Avenue - 2nd Floor


New Windsor, New York 12533

TELEPHONE: (914) 567-6778

FAX: (914) 567-7721

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

June 7, 2000
Date


Larry Graham Signature

RESPONDENT'S NAME: LARRY GRAHAM

ADDRESS: 233 South Greeley Avenue

Chappaqua, New York 10514

TELEPHONE: HOME

BUSINESS (914) 238-0005

21-04405-013